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TO RUEHC/SECSTATE WASHDC IMMEDIATE 3309  
INFO RUEHZS/ASEAN COLLECTIVE IMMEDIATE  
RHHMUNA/USPACOM HONOLULU HI IMMEDIATE  
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STATE PASS USAID  
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TAGS: [ECON](#) [EAID](#) [EAGR](#) [SENV](#) [SOCI](#) [RP](#)

SUBJECT: Typhoon Aftermath: Assessing Economic Costs

REF: A) Manila 4162  
B) Manila 4149  
C) Manila 4144  
D) Manila 4139

Summary

1. The death toll from Typhoon Milenyo may surpass 200 and the estimated damage to property and infrastructure exceeds \$40 million. Losses from power outages and other constraints on economic activity raise the costs even higher. However, with electricity almost fully restored and streets cleared of debris, the government is downplaying the typhoon's impact on economic growth and expects to meet agricultural production targets despite heavy crop losses. We are suggesting to contacts that this experience should inspire more advanced planning for the next disaster. End Summary.

2. Manila is returning to normal six days after Typhoon Milenyo (called Xangsane internationally). Electricity is restored to 97% of the city's 12 million residents and the streets are mostly clear as work crews continue to remove fallen trees, power poles, and other debris. The countrywide death toll is approaching 200, with another 22 missing as rescue teams work their way to more remote areas cut off by flooding and landslides. The Philippine Government and the private sector are refining their assessments of the typhoon's impact on the economy and individual sectors, but estimates of damage to property and infrastructure exceed \$40 million.

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Sector-by-Sector Damage and Cost Estimates  
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3. Agriculture: The Department of Agriculture estimated costs at \$24 million, including crop losses (over \$10 million), destruction of fishery pens, cages, and ponds (\$5 million), and damage to livestock, and fruits and vegetables. The worst-hit region was southern Luzon where farmers lost significant amounts of bananas, coconut, mangos, and papayas.

4. Power: According to Energy Secretary Lotilla, the cost of repairing government-owned transmission lines, generating stations, and assets of electricity cooperatives may exceed \$1 million. Losses by privately-owned Manila Electric Company (Meralco) will be higher, but no estimates are yet available.

5. Manufacturing: Firms reported cases of broken windows, collapsed walls and torn off roofs that resulted in wet equipment and rain-soaked inventory. For those firms in government-run industrial parks, the electricity blackout was not a problem as these parks have reliable back-up power. Companies outside these zones had to use their own generators. While large firms generally

lost no more than one workday, smaller firms without generators suffered up to five days of lost production.

¶6. Construction: The heavy winds damaged buildings and floodwater washed out bridges. The National Development Corporation estimated structural repair costs to infrastructure and facilities at \$8 million, though this figure is rising daily with new discoveries.

¶7. Back-office Operations: Call centers and business process outsourcing firms were relatively unaffected and remained in full operation, using high-powered generators to make up for electricity disruptions. Manpower only dropped by 20-25% the day after the typhoon. Firms had to pay overtime because the government declared two non-working holidays.

¶8. Telecommunications: Fixed line service suffered little interruption and was fairly reliable throughout Manila. Wireless operations, however, were spotty during and after the storm because many cell sites became misaligned and damaged, disrupting voice and data transmissions and causing big losses for wireless providers.

¶9. Energy: Caltex had to close over 100 gasoline stations for 3-4 days because of debris and damage to canopies. Business is picking up quickly, however, as customers move to replenish diesel stocks for their generators. Chevron lost millions of dollars in expected revenue from natural gas sales during the power outage.

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Government Downplays Impact; Billboards Targeted  
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¶10. The government is downplaying the impact of the typhoon on the economy. The Agriculture Secretary expressed confidence the sector will meet its overall growth target for the year. The Economic and

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Planning Secretary told the press he did not expect to lower the country's economic growth projections. Although the financial market was closed for two days, it has fallen only marginally in response to concerns over the impact on economic growth. The peso continues to climb higher against the dollar, causing exporters to worry about price competition.

¶11. The most immediate after-effect of the typhoon is widespread outrage against large highway billboards. Winds felled 20 signs along the South Luzon Expressway and many more in the city, including one that sliced into a stalled bus, causing many injuries and at least one reported death. Members of Congress, press editors, and the head of the Manila Metropolitan Authority publicly denounced these billboards. The Senate is considering a bill to restrict or abolish their use in defined areas. Opponents of major restrictions include local administration officials who garner significant revenues from the ads, billboard owners, and private companies who depend on highway signs for marketing products.

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Comment  
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¶12. Although the damage was widespread, and locally severe in areas south of Manila, the country was spared from more calamitous impact if the typhoon had been Category Four or Five. We are suggesting privately to government and business leaders that Milenyo be used to spur review of disaster plans to enhance their preparedness for the possibility of a more powerful direct hit in the future.

Kenney